

Alaska Visitor Statistics Program VI Interim Visitor Volume Report

Summer 2013

Prepared for:

State of Alaska

*Department of Commerce, Community,
and Economic Development
Division of Economic Development*



Research-Based Consulting

Juneau
Anchorage

January 2014

Table of Contents

Key Findings 1

Methodology..... 7

Additional Traffic Data..... 9

 Visitor/Resident Ratios..... 9

 Highway Border Crossings 10

 Total Traffic 10

Key Findings

Visitor Volume, Summer 2013

Alaska received nearly 1.7 million out-of-state visitors between May and September, 2013. In terms of exit mode, nearly half of visitors (49 percent) exited the state via cruise ship, 47 percent exited via air, 4 percent exited via highway, and less than 1 percent exited via ferry (see chart, below left). Because many cruise ship passengers exit Alaska via airplane, it is also helpful to consider visitors in terms of transportation market (see chart, below right). The majority of visitors (59 percent) were cruise ship passengers; 37 percent were air visitors (entered and exited the state via air); and 4 percent were highway/ferry visitors (entered or exited the state via highway or ferry).

CHART 1. Alaska Visitor Volume, Summer 2013, By Exit Mode

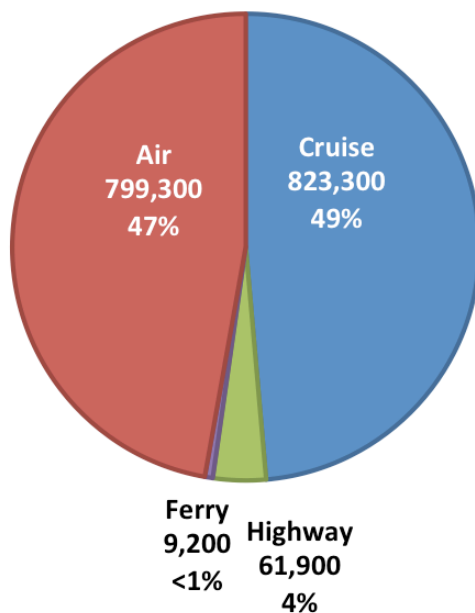
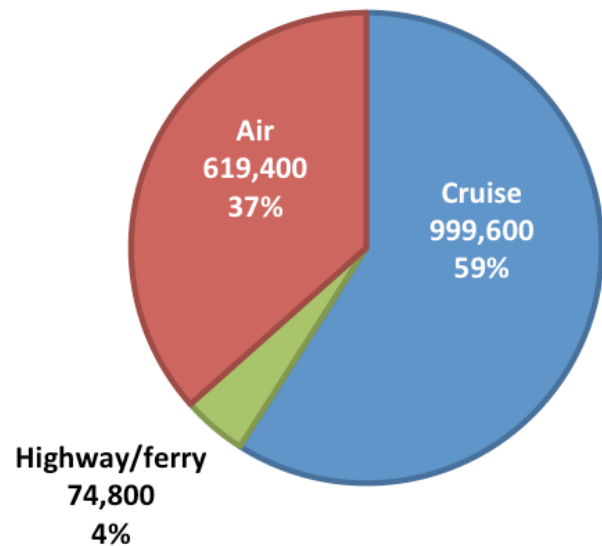


CHART 2. Alaska Visitor Volume, Summer 2013, By Transportation Market



Total Estimated Visitors: 1,693,800

Visitor volume was up by 7 percent between summers 2012 and 2013, increasing from 1,586,600 to 1,693,800. The three major transportation markets experienced similar increases: both air and cruise were up by 7 percent, while highway/ferry was up by 8 percent.

TABLE 1. Visitor Volume, by Transportation Market, Summers 2012-2013

	2012	2013	% change
Air	580,500	619,400	+7%
Cruise ship	937,000	999,600	+7%
Highway/ferry	69,100	74,800	+8%
Total	1,586,600	1,693,800	+7%

Visitor Volume Trends

The chart and table below show how visitor traffic has fluctuated by transportation market since 2006.

- In 2013, cruise passenger volume continued its recovery since its steep drop in 2010. The 2013 total of 999,600 was 14 percent above the 2010 low point of 878,000; and only 3 percent below the peak of 1,033,100 in 2008. The 2013 cruise season marks the third consecutive annual increase in passenger volume since 2010, and the largest increase among the three years (7 percent).
- Like the cruise market, the air market (non-cruise visitors that fly in *and* out of Alaska) has fluctuated over the years. Since a large decline in 2009 related to the nationwide economic downturn, air visitor volume increased in both 2010 (by 14 percent) and 2011 (by 5 percent) before dropping by 4 percent in 2012. The 2013 season saw a 7 percent increase in the air market, resulting in the largest number of air visitors (619,400) since the “transportation market” method of measurement was introduced in 2006.
- In summer 2013, the highway/ferry market (non-cruise visitors that enter or exit by highway or ferry) showed its first increase (by 8 percent) since 2010. However, the 2013 total was still 12 percent below the 2006 peak.

CHART 3. Visitor Volume, by Transportation Market, Summers 2006-2013

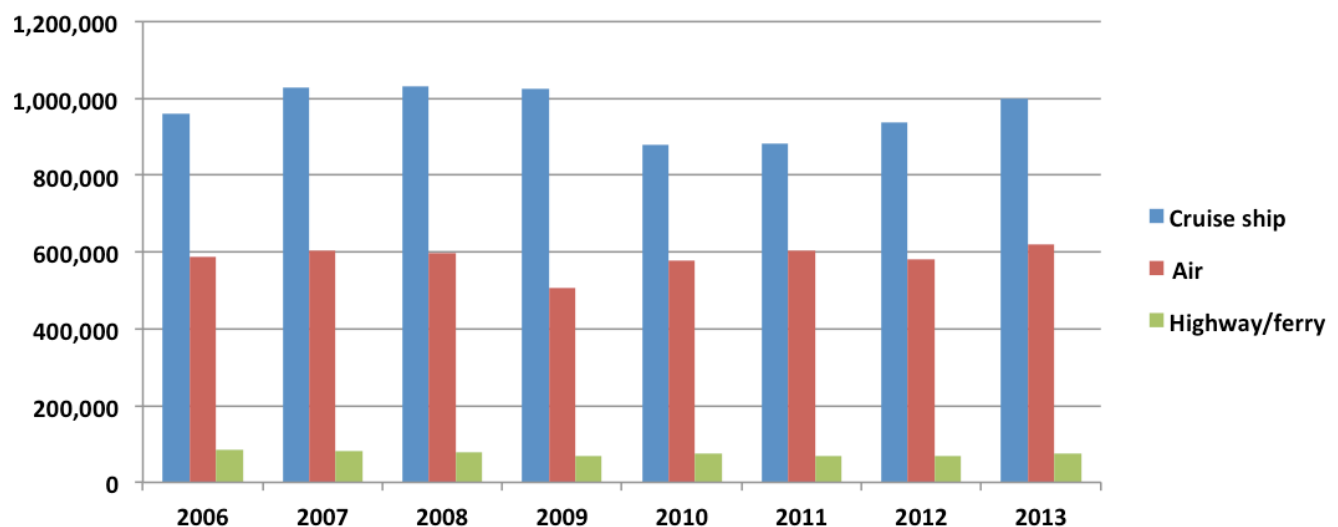


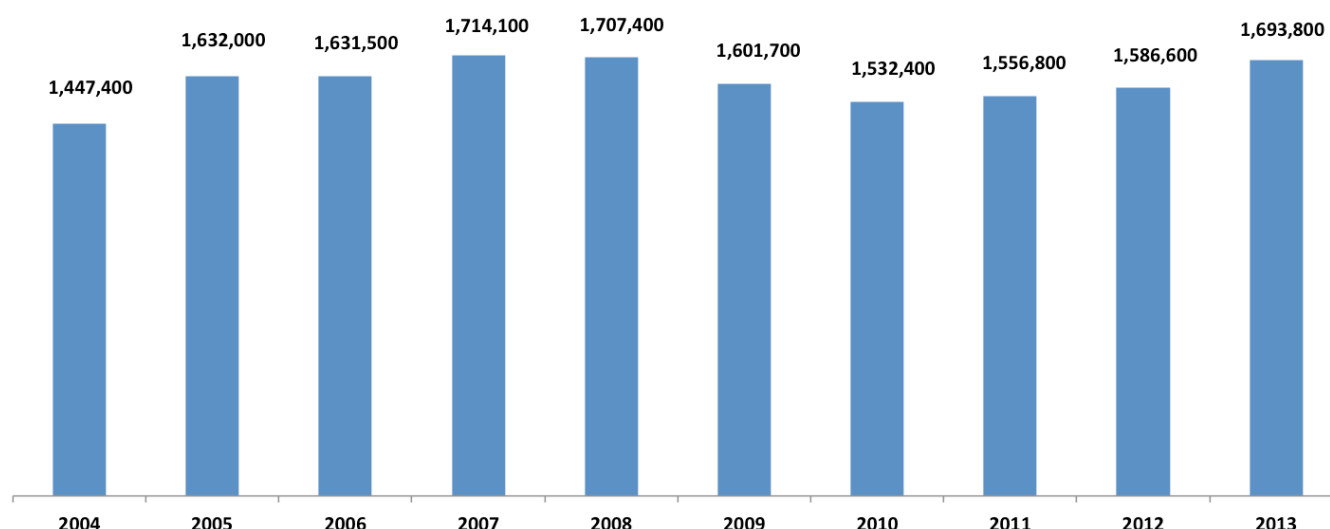
TABLE 2. Trends in Summer Visitor Volume, By Transportation Market, 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
Cruise ship	958,900	1,029,800	1,033,100	1,026,600	878,000	883,000	937,000	999,600
Air	587,800	602,200	597,200	505,200	578,400	604,500	580,500	619,400
Highway/ferry	84,800	82,100	77,100	69,900	76,000	69,300	69,100	74,800
Total	1,631,500	1,714,100	1,707,400	1,601,700	1,532,400	1,556,800	1,586,600	1,693,800
% change	0.0%	+5.1%	-0.4%	-6.2%	-4.3%	+1.6%	+1.9%	+6.8%

Sources: AVSP V and AVSP VI.

Overall Alaska summer visitor volume showed its third consecutive annual increase in summer 2013, following steep drops in both 2009 and 2010 related to the nationwide economic crisis. The total volume in summer 2013 (1,693,800) was only 1 percent below the previous peak of 1,714,100 in 2007.

CHART 4. Summer Visitor Volume to Alaska, 2004-2013



Sources: 2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2013 data from AVSP V and AVSP VI (conducted by McDowell Group, Inc.).

Additional Visitor Industry Indicators

Table 3 (see page 5) presents changes in traffic data and other indicators comparing the 2013 summer visitor season with the previous year (2012) as well as the peak visitor volume year (2007). Unless otherwise indicated, data refers to the May through September time period.

Domestic Air

Domestic air traffic exiting Alaska was up by 7 percent between 2012 and 2013 (including both residents and visitors). All locations showed increases, with Anchorage showing the largest increase at 9 percent; followed by Ketchikan, Sitka, and Other at 6 percent; Fairbanks at 3 percent; and Juneau at 2 percent.

- The addition of a new airline to Anchorage (Virgin America), as well as increased capacity by several airlines (JetBlue, United, and Delta), contributed to the strong increase in Anchorage enplanements. The large increase in capacity reportedly led to “fare wars” which helped drive a jump in air traffic among both residents and visitors.
- While Fairbanks’ increase of 3 percent was comparatively modest, this follows a strong increase in 2012, when exiting traffic from Fairbanks increased by 10 percent (while statewide domestic exits increased by only 1 percent).
- Increases among Ketchikan, Sitka, and Other (Wrangell, Petersburg, Yakutat, and Cordova) were consistent at 6 percent between 2012 and 2013. These communities are similar in that they are small, coastal towns with strong ties to the sportfishing industry. Non-resident fishing license sales showed a 4 percent increase in 2013.

- Many CVBs reported strong increases in independent travel in summer 2013, consistent with increased domestic air exits. The Interior was an exception, reporting a late start to the summer season due to cold weather and the Denali Highway opening later than usual.

International Air

Passengers exiting Alaska via international air grew by 6 percent between 2012 and 2013, from 21,100 to 22,200 (and was up by 15 percent compared to 2007). This is not necessarily an indicator of the overall international market; most international visitors exit Alaska via domestic air and cruise ship.

- Condor Airlines, which represents 60 percent of all international enplanements, was down by 14 percent in 2013.
- Icelandair entered the Alaska market in 2013, representing 20 percent of international enplanements.
- Korean Air represented 12 percent of enplanements and was up by 38 percent compared to 2012.
- Japan Airlines' role in the market has diminished, now representing only 6 percent of international volume. Japan Airlines enplanements fell by more than half in 2013.

Cruise Ship

Total cruise ship volume was up by 7 percent between 2012 and 2013.

- Despite the strong growth in passenger volume, the total was slightly below maximum capacity because of a few weather-related cancellations (in September) as well as one Celebrity ship cancelling several voyages due to a mechanical issue.
- Land tour volume was down by an estimated 4 percent in 2013. This follows an estimated 7 percent increase in land tour volume in 2012.
- Many shore excursion operators reported a stellar season in 2013 due to the unusually warm weather. Excursions (such as flightseeing tours) were less likely to be canceled due to weather, and passengers were more likely to purchase outdoor-oriented tours. Cruise-related retail spending was reportedly down, as passengers were out on excursions rather than inside shopping.
- Alaska's small ship market, which includes ships with capacities of less than 250 passengers, increased in volume from about 6,000 in 2012 to roughly 10,000 in 2013. The increase was largely due to added capacity by Un-Cruise Adventures (formerly InnerSea Discoveries) and Alaskan Dream Cruises, both of which entered the Alaskan market in 2011 following the demise of Cruise West.
- Cruise passenger volume is projected to drop by 3 percent in 2014, largely attributable to decreased capacity by Princess Cruises.

Ferry

The number of visitors using the Alaska Marine Highway System was down by 3 percent in 2013 (based on the number of non-Alaska residents who purchased at least one ferry ticket anywhere). The number of visitors exiting Alaska via AMHS was up by 1 percent (based on the number of non-Alaska residents who disembarked at Prince Rupert or Bellingham).

Tax Revenues

Bed tax revenues were up in most communities surveyed, with Juneau showing the largest increase at 12 percent, followed by Denali at 10 percent, Anchorage at 4 percent, and Fairbanks at 1 percent. Mat-Su showed the only decline; they were down by 2 percent. Note that bed tax revenues reflect occupancy by both residents and non-residents, and reflect differences in room rates as well as occupancy.

Vehicle rental tax revenues in Anchorage were up by 8 percent in summer 2013, corresponding closely with the 9 percent increase in Anchorage domestic air exits. RV rental tax revenues in Anchorage were up by 17 percent. Like bed taxes, vehicle rental taxes reflect usage by both residents and non-residents, and can be affected by changes in rental rates. Changes in tax revenues are presented as supporting indicators; they are not necessarily directly reflective of visitor volume.

TABLE 3. Summer 2013 Visitor Industry Indicators
Change from Previous Summer (2012-2013) and from Peak Visitor Volume Year (2007-2013)

	Change 2012-2013	Change 2007-2013
Domestic airplane passengers exiting Alaska, May-September		
Anchorage	+9%	+3%
Fairbanks	+3%	+11%
Juneau	+2%	-11%
Ketchikan	+6%	-11%
Sitka	+6%	-13%
Other	+6%	-2%
Total	+7%	+2%
International airplane passengers exiting Alaska, May-September		
Total	+6%	+15%
Cruise passenger traffic, May-September		
Total passenger volume	+7%	-3%
Land tour volume	-4%	n/a
Out-of-state ferry passenger volume, May-September		
Total volume	-3%	-7%
Exiting Alaska	+1%	-13%
Non-resident sportfishing licenses, January-September		
Total	+4%	-15%
Bed tax revenues, April-September		
Anchorage	+4%	+9%
Fairbanks (City of Fairbanks)	+1%	-10%
Mat-Su	-2%	+11%
Denali	+10%	+8%
Juneau	+12%	-2%
Vehicle rental tax revenues, April-September		
Anchorage car rental	+8%	-1%
Anchorage RV rental	+17%	+2%

Notes: All bed tax revenue data refers to April through September with the exception of Mat-Su, which refers to May through September. Fairbanks North Star Borough bed tax data was not available for this report. Sources: Alaska Airlines, Ted Stevens Anchorage International Airport, Fairbanks International Airport, Cruise Line Agencies of Alaska, cruise lines, Alaska Department of Fish and Game, Alaska Marine Highway System, Municipality of Anchorage, City of Fairbanks, Matanuska-Susitna Borough, Denali Borough, and City and Borough of Juneau.

Table 4 shows nationwide economic and travel industry indicators. Alaska appears to have performed better than the overall domestic travel market. Although hotel revenues were up significantly, hotel occupancy was up by only 1.5 percent, and domestic enplanements were down slightly. The U.S. economy continues its slow but steady recovery from the 2008-09 recession, with the August unemployment rate falling by 0.8 percent 2012-13, and consumer spending up by 4.5 percent for the second half of the summer.

**TABLE 4. Summer 2013 Nationwide Economic and Travel Industry Indicators
Change from 2012 to 2013**

	Change 2012-2013
U.S. Travel Indicators (Jan-Sept 2012-13)	
Hotel occupancy	+1.5%
Average Daily Rate (ADR)	+4.0%
Revenue Per Available Room (RevPAR)	+5.6%
Room Revenue	+6.3%
Domestic enplanements (July 2012-13)	-0.7%
U.S. Economic Performance	
Unemployment rate (% of labor force) ¹	-0.8%
Consumer Price Index (August 2012-13)	+1.5%
Consumer Spending (July-September 2012-13)	+4.5%

Sources: U.S. Hotel Indicators from US Travel Association (ustravel.org) and Smith Travel Research (str.com). Passenger statistics from Bureau of Transportation Statistics (bts.gov). Consumer Price Index from Bureau of Labor Statistics (bls.gov). Consumer Spending from U.S. Travel Association (ustravel.org)

¹ Unemployment rate reflects drop from 8.1 percent in August 2012 to 7.3 percent in August 2013. Source: Bureau of Labor Statistics (bls.gov).

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2013, as part of the *Alaska Visitor Statistics Program VI (AVSP)*, conducted by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development (Division of Economic Development).

Visitor volume is estimated by exit mode; the methodology is slightly different for each mode.

Domestic and International Air: Outgoing traffic by month and by port was gathered from Alaska Airlines, Anchorage International Airport, and Fairbanks International Airport. Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2011 AVSP survey fielding period, during which time 43,333 domestic flight passengers and 6,034 international flight passengers were tallied as they embarked on flights exiting Alaska. The airports where tallies took place included Anchorage, Fairbanks, Juneau, Ketchikan, and Sitka.

Highway: Border crossing data (the number of people exiting Alaska/entering Yukon) was provided by month and port by the Yukon Department of Tourism and Culture. Visitor/resident ratios were applied to monthly traffic, by port, to arrive at visitor volume estimates. Ratios were determined in the summer 2011 AVSP survey fielding period, during which time 5,238 highway travelers were tallied as they drove the highway, before exiting Alaska. Tallies occurred at four locations: near the US border stations on the Klondike, Haines, and Alcan Highways, and north of Tetlin Junction on the Taylor highway.

Ferry: The Alaska Marine Highway provided non-resident exiting traffic data by month and port (passengers disembarking at Bellingham and Prince Rupert).

Cruise: Cruise Line Agencies of Alaska provided passenger data for every port and every cruise ship for the summer 2013 season. Two numbers are generated from this data: the total number of cruise passengers, and the number of passengers who exit Alaska via cruise ship. The total number of cruise passengers is determined by adding together the maximum number of passengers recorded for each ship (without double-counting passengers who call at the same port twice). The number of passengers exiting Alaska is determined by counting the passengers aboard each ship as it exited the state (sailed southbound from an Alaska port to a Canadian port). All cruise ship passengers are assumed to be visitors.

This report also includes additional indicators of the 2013 visitor season. Sources included:

- Land tour passenger volume data provided by cruise lines.
- Bed tax revenues collected from Municipality of Anchorage, City of Fairbanks, Denali Borough, City and Borough of Juneau, and Matanuska-Susitna Borough.
- Vehicle rental tax revenues collected from Municipality of Anchorage.
- Fishing license sales data from the Alaska Department of Fish and Game.
- U.S. travel industry and economic indicators from the U.S. Travel Association, Bureau of Labor Statistics, Bureau of Transportation Statistics, and Smith Travel Research.

The AVSP VI study team would like to acknowledge the following entities for their assistance with the project.

Alaska Airlines

Alaska Marine Highway System

Alaska Travel Industry Association

Cruise Line Agencies of Alaska

Fairbanks International Airport

Ted Stevens Anchorage International Airport

U.S. Customs and Border Protection

Yukon Department of Tourism and Culture

Additional Traffic Data

Visitor/Resident Ratios

The following table shows the percentage of all travelers exiting the state by various transportation modes who are out-of-state visitors (rather than Alaska residents) in summer 2013. For example, an estimated 68.1 percent of travelers who exited Alaska via Domestic Air in summer 2013 were visitors. These ratios are a composite of ratios by location, by month. Because they apply to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

TABLE 5. Visitor Percentages, by Mode

Exit Mode	Percentage Visitors
Domestic Air	68.1%
International Air	78.1%
Highway ¹	33.2%
Ferry	64.0%
Cruise ship	100.0%
Total	77.2%

¹ The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.

Highway Border Crossings

The table below shows the number of personal vehicle occupants crossing the border from Alaska into Canada between 2006 and 2013, May through September, by the four highways. Overall, personal vehicle crossings were up by 9.5 percent between 2012 and 2013, largely driven by an 18.9 percent increase on the Klondike Highway, which has been steadily increasing in traffic since 2008. The other major border crossing, Alcan, showed a 1.3 percent decrease. The Haines and Top of the World Highways receive much lower levels of traffic than Alcan and Klondike; Haines was up by 1.5 percent, while Top of the World was up by 7.8 percent.

TABLE 6. Highway Border Crossings by Personal Vehicle, May-September 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
All highways	168,875	163,395	150,517	150,326	156,533	152,101	151,912	166,395
% change		-3.2%	-7.9%	-0.1%	+4.1%	-2.8%	-0.1%	+9.5%
Alcan	66,978	66,879	55,155	52,403	60,543	48,654	48,392	47,776
% change		-0.1%	-17.5%	-5.0%	+15.5%	-19.6%	-0.5%	-1.3%
Top of the World	12,195	13,880	12,603	9,960	8,378	10,881	10,131	10,925
% change		+13.8%	-9.2%	-21.0%	-15.9%	+29.9%	-6.9%	+7.8%
Klondike	61,432	56,652	60,647	63,972	67,310	72,137	74,334	88,349
% change		-7.8%	+7.1%	+5.5%	+5.2%	+7.2%	+3.0%	+18.9%
Haines	28,270	25,984	22,112	23,991	20,302	20,429	19,055	19,345
% change		-8.1%	-14.9%	+8.5%	-15.4%	+0.6%	-6.7%	+1.5%

Source: Yukon Department of Tourism and Culture.

Total Traffic

The following table provides total traffic volume of residents and out-of-state visitors exiting the state (2006 to 2013) by various transportation modes. This table differs from Table 2 in that it shows both resident and visitor traffic, as opposed to only visitor traffic.

Note that two different cruise volume numbers are provided: the first is the number of people exiting by cruise ship; the second is the number of total cruise passengers.

TABLE 7. Trends in Traffic, By Entry/Exit Mode, 2006-2013

	2006	2007	2008	2009	2010	2011	2012	2013
Air	1,117,900	1,142,900	1,130,500	1,032,300	1,054,500	1,082,900	1,091,700	1,169,600
Cruise ship	758,100	827,800	836,500	835,000	742,700	752,800	775,900	823,300
Highway	199,300	194,200	175,400	171,500	170,500	169,200	172,700	186,600
Ferry	17,500	16,400	15,300	15,700	15,200	15,400	14,400	14,500
Total	2,092,800	2,181,300	2,157,700	2,054,500	1,982,900	2,020,300	2,054,600	2,194,000
% change		+4.2%	-1.1%	-4.8%	-3.5%	+1.9%	+1.7%	+6.8%
Total cruise	958,900	1,029,800	1,033,100	1,026,600	878,000	883,000	937,000	999,600
% change		+7.3%	+0.3%	-0.6%	-14.5%	+0.6%	+6.1%	+6.7%

Sources: AVSP V and VI.